

SECTION 140: GENERAL DESCRIPTION OF
BUDGETARY CONTROL ACCOUNTING

1. Definition. Budgetary control accounting (which, as used in this Accounting Manual, is synonymous with the term "funds control") is the accounting procedure associated with the control of the funds made available to departments and agencies in accordance with the State's biennium budget.
2. Purpose. The purposes of budgetary control accounting in the central accounting system are:
 - (a) To keep expenditures within the limitations of available resources.
 - (b) To assure that expenditures are properly made for the purpose and period for which funds were appropriated.
 - (c) To provide a common level of accounting which serves as the connecting link between the central accounting records and the departmental accounting records.
3. Monitoring of Expenditures. In order to keep expenditures within the limitations of available resources, the Comptroller utilizes the authority provided in Section 40-1, HRS, which states that the Comptroller can withhold any disbursement for which no appropriation has been made or which would cause an appropriation to be exceeded.
 - (a) Budgetary control accounting is generally concerned with the General, Special, and Bond Funds, since these funds are subject to the State's budgetary process.
 - (b) Although Trust and Agency Funds by law are not generally subject to the budgetary process, these funds are covered to the extent that expenditures cannot be made or obligations cannot be incurred, if they are in excess of any fund's balance.
4. Common Level of Accounting. The accounting result at this common level of accounting must be identical (the corresponding balances in the departmental accounting records, which are generally more detailed, must be in continuing, systematic agreement with the central accounting records, which are generally summary accounts) to maintain the integrity of the State's total accounting system.

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- (a) For the central accounting system, budgetary control accounting involves the use of certain proprietary accounts (accounts reflecting actual financial position and operations) and budgetary accounts (accounts reflecting anticipated operations and conditions) in the general ledgers of the various funds. These proprietary and budgetary accounts provide the summary information which is supported by detailed subsidiary ledgers, such as the Appropriation/Allotment and Source of Receipt Ledgers. These subsidiary ledgers provide the accounting information that is used as the connecting link with the departmental accounting records.
 - (b) For the departmental accounting systems, budgetary control accounting is performed by the individual departments and agencies. Because the departments of the State are too diverse in size, complexity, and function, detailed department-level accounting requirements are not included in this manual. The broad departmental accounting and reporting requirements are covered in Sections 480 through 485 of Volume I of the State of Hawaii Accounting Manual.
5. Comptroller's Requirements. The Comptroller's detailed requirements of the departments and agencies in order to perform his budgetary control accounting function in the central accounting system are described in the following sections of this volume. These sections are organized by the accounting activities comprising the accounting system.